

6 MAR 1958

MEMORANDUM FOR: Deputy Director (support)

SUBJECT: Progress Report on Work Plans and Objectives for 1958

1. This memorandum is for information only and is in response to your verbal request for a progress report on work plans and objectives for the calendar year 1958.

2. The major part of the effort in the Comptroller's Office has a bearing on the Financial Management Improvement Program. Our budget and accounting services have always been based on the objective of obtaining and furnishing information that will help management to do a better job. This was true prior to the institution of the program and was pointed out in the Agency's report to the Bureau of the Budget in early 1957. However, since the passage of Public Law 863, we have been stating our efforts in terms of the Financial Management Improvement Program.

3. Because most of our Financial Management Improvement objectives are long-range and continuing, it is necessary for us to plan a program covering several years. Briefly, this program is as follows:

a. FY 1958 has been designated as the year of study in which problems are being reviewed and information gathered on which sound policy decisions can be based for the formulation of an effective Financial Management Improvement Program.

b. FY 1959 has been designated as the year of development during which some of our trial programs such as experiments in cost accounting and allotment simplification will be tested. This is necessary in order to obtain working information on which we can develop good operating procedures.

c. FY 1960 has been designated as the first year of operations during which extensive cost accounting information will be obtained as the basis for cost based budgets and for use by management in the control of operations.

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It should be remembered that the above schedule is tentative, but it is established with the hope that we can meet the schedule of submitting a cost based budget for 1960.

4. Specific Financial Management Improvement objectives for calendar year 1958 are as follows:

a. Last fall the Comptroller commenced an instructional program to provide budget and cost principle background information to Agency employees. The three courses being given, namely, Budget Principles, Budget Techniques, and Cost Accounting Principles, are designed to improve the understanding and use of budget and cost information in planning and executing Agency programs. The second series of these courses are now being given and will be scheduled at least once and possibly twice again in 1958. At least 45 Agency employees take advantage of this training each time the courses are given.

b. The simplified allotment structure recommended by Public Law 863 was instituted as an experiment in two offices in FY 1958. Simplification which involves reducing the number of allotments in each office will be extended beginning FY 1959. Such simplification provides greater flexibility in the use of obligating authority, but likewise imposes greater responsibility on those receiving this obligating authority to assure the integrity of the allotment received.

c. One of our major problems today is communication to the field of decisions having financial implications. A special effort will be made to improve and speed up the communication channel so that field operators are made aware of financial decisions as expeditiously as possible, thus making financial data and instructions an integral part of program control.

d. For some time the Comptroller has felt the need for an Accounting Principles and Policy statement which could be used as a guideline in the development of the Agency's accounting system. This statement is in preparation and should be ready for issuance during 1958.

e. A budget instruction handbook has been completed and is being issued by the Office of the Comptroller to all offices as a tool in the development of better budgets. The offices are being requested to work with this handbook in draft form during the development stage leading to the cost based budget. In this manner experience can be worked into the instructions which will be issued, thus, saving much time and effort in submitting an official handbook for coordination. It is estimated that the development of an official cost based budget handbook will take about three years working experience.

f. In order to improve machine operations and services, two of the latest model Electric Accounting Machines are to be installed, replacing two of the older types of equipment. The first of these

two machines is scheduled for installation in April 1958 and the second in May 1958. Although the monthly machine rental will be increased, some savings are expected to be realized by eliminating some overtime. The speed, over-all capacity, and capabilities of this new equipment over the old will make more machine production available during regular hours. It is anticipated that better service will be offered through improved formats, faster preparation, and consolidation of reports.

g. There are two studies involving the use of electronic data processing machines to speed up and otherwise improve accounting, statistical and reporting activities. These studies are:

- (1) Plans have been made for the installation of an Electronic Data Processing Machine (RAMAC 305) in August 1958. The recommendation for the installation of this equipment resulted from a study made in the Office of Logistics by a Feasibility Committee composed of personnel from the Management Staff and this Office. Most of the supply control records and reports are maintained by the Machine Records Division of this Office, and involves voluminous card files, extensive machine processing, and overtime to maintain report schedules. It is believed that by converting from the present electric accounting machine system to an electronic data processing system, immediate savings would be realized by the Office of Logistics, and eventually savings would be realized in the Office of the Comptroller.

- (2) Another study is currently in process by the same Feasibility Committee mentioned above to determine if electronic data processing machine methods can effectively be applied to the accounting, statistical, and reporting functions now being performed by the Machine Records Division for the Office of the Comptroller and the Office of Personnel.

h. A resurvey of reports prepared and received in the Office of the Comptroller is being conducted during 1958 in order to:

- (1) Eliminate and prevent unnecessary reporting requirements.
- (2) Provide central control approval of new reporting requirements.
- (3) Insure that reports supply adequate data, that realistic reporting intervals are established, and that the cost of preparation is justified.

- (4) Provide management with the type of reports which will aid in performance of assigned functions.

Our reports program survey activities will be expanded by securing the assistance of operating management in developing such reports.

1. The plans and objectives for Financial Property Accountability for the year 1958 were set forth in a memorandum to you dated 13 December 1957, from the Deputy Comptroller and Acting Director of Logistics, subject, "Plans for Completing Implementation of Financial Property Accountability". Progress reports on this subject will be forwarded to you as of the close of each calendar quarter, the first report to be made as of 31 March 1958.

5. Cost consciousness is a part of the Financial Management Improvement Program. This problem of creating an internal awareness of costs in each office is twofold; first, evaluation of the cost of the programs in each office, and second, the cost of certain requirements levied by each office on other offices. The Comptroller is developing two programs designed to help the offices become more cost conscious. These programs are:

- a. Cooperation with individual offices in the hopes of developing unit cost or unit obligational data that can be used within the offices for management purposes. For example, the Comptroller has been working with the Office of Training to develop cost information on a per student or per course basis, broken down between direct and overhead cost for each course of study. The Office of Training plans to consider this information in its internal evaluation of its instructional program.

- b. A study is being made to develop a method whereby offices can be informed of the costs of common services rendered, such as publications furnished by the Office of Central Reference and printing services furnished by the Office of Logistics, for which the offices themselves do not budget. The present study will lead to methods of making consuming offices more cost conscious of common service items. The present study covers three possibilities:

- (1) By establishing quotas of such services and through periodic reporting informing the offices of the services rendered against the quotas.

- (2) By requiring the offices to actually pay for services used in excess of established quotas.

- (3) The establishment of revolving or working capital funds in which the servicing office will be reimbursed by the consuming office. A comprehensive

study is under way at present on two types of working funds, one for printing services and the other for stocks.

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R. E. SAUNDERS
Comptroller

JB/ss

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